

ORIGINAL

# OPEN MEETING



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## MEMORANDUM

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Arizona Corporation Commission

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AUG 23 2011

2011 AUG 23 P 4:42

AZ CORP COMMISSION  
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: August 23, 2011

DOCKETED BY

RE: **COMPLIANCE FILING OF UNAUTHORIZED DISCHARGE FEE TARIFF PER DECISION NO. 71878 - GLOBAL WATER - PALO VERDE UTILITIES COMPANY, VALENCIA WATER COMPANY - GREATER BUCKEYE DIVISION, WILLOW VALLEY WATER CO., GLOBAL WATER COMPANY - SANTA CRUZ WATER COMPANY, WATER UTILITY OF GREATER TONOPAH, AND VALENCIA WATER COMPANY - TOWN DIVISION (DOCKET NOS. SW-20445A-09-0077, W-02451A-09-0078, W-01732A-09-0079, W-20446A-09-0080, W-02450A-09-0081, AND W-01212A-09-0082)**

### Introduction

In Decision No. 71878, dated September 15, 2010, the Commission ordered that Global Water - Palo Verde Utilities Company ("Palo Verde" or "the Company") file within 60 days with the Commission's Docket Control, as a compliance item in this matter, a copy of its Unauthorized Discharge Fee Tariff for Staff's review and the Commission's consideration. Pursuant to that order on November 15, 2010, the Company filed its proposed tariff. On June 13, 2011, the Company amended the proposed tariff to correct a typographical error.

### Proposed Tariff

#### Purpose/Prohibition:

Septic tank haulers and grease trap haulers, who charge a fee for removal services, typically pay a fee to facilities for environmentally sound disposal in landfills. According to the Company, some haulers choose instead to dump their loads into a sewer system ("unauthorized discharge"), and that some of the materials that haulers carry have the potential to seriously disrupt the Company's wastewater treatment processes, in some cases for many days or even weeks.

The proposed tariff would only apply to unauthorized discharges involving the Palo Verde collection and treatment systems. The Company's collection and treatment systems are designed for municipal wastewater flow and all other discharges are unauthorized and prohibited. Per the proposed tariff all discharges into the Palo Verde collection and treatment system must be made by customers of record through the customer's authorized service line.

The Company's proposed tariff contains the following fees:

Any person (as defined in A.A.C. R14-2-601.16) that makes an unauthorized discharge into the Company's collection or treatment system is subject to a fee, for each occurrence, as follows:

(1) \$5,000; and

(2) All costs associated with the collection and remediation of the unauthorized discharge.

### **Staff Conclusions**

Staff understands that the proposed tariff would typically apply to an individual or entity that is not a customer of the Company. Staff's support for the adoption of such a tariff in the case leading up to Decision No. 71878 contemplated that the tariff would only apply to ratepayers of the Company. Staff does not believe it would be appropriate for the Commission to approve this tariff in its current form since it would apply to an area beyond the Commission's regulatory authority and could not be enforced. Staff is also concerned that the total fee may be punitive where a minor unauthorized discharge has occurred. Staff believes the total fee amount should be tied more closely to the collection and remediation costs associated with a specific unauthorized discharge. Finally, Staff is concerned that the proposed tariff does not define the substances or materials that could damage the Company's collection and treatment systems.

### **Staff Recommendation**

Staff recommends that the Commission deny the Company's Unauthorized Discharge Fee Tariff for the reasons previously discussed.



Steven M. Olea  
Director  
Utilities Division

SMO:JL:lhmm\WVC

ORIGINATOR: Jian Liu

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

GARY PIERCE  
Chairman  
BOB STUMP  
Commissioner  
SANDRA D. KENNEDY  
Commissioner  
PAUL NEWMAN  
Commissioner  
BRENDA BURNS  
Commissioner

IN THE MATTER OF THE APPLICATION  
OF GLOBAL WATER – PALO VERDE  
UTILITIES COMPANY FOR THE  
ESTABLISHMENT OF JUST AND  
REASONABLE RATES AND CHARGES  
FOR UTILITY SERVICE DESIGNED TO  
REALIZE A REASONABLE RATE OF  
RETURN ON THE FAIR VALUE OF ITS  
PROPERTY THROUGHOUT THE STATE  
OF ARIZONA

DOCKET NO. SW-20445A-09-0077

IN THE MATTER OF THE APPLICATION  
OF VALENCIA WATER COMPANY –  
GREATER BUCKEYE DIVISION FOR THE  
ESTABLISHMENT OF JUST AND  
REASONABLE RATES AND CHARGES  
FOR UTILITY SERVICE DESIGNED TO  
REALIZE A REASONABLE RATE OF  
RETURN ON THE FAIR VALUE OF ITS  
PROPERTY THROUGHOUT THE STATE  
OF ARIZONA

DOCKET NO. W-02451A-09-0078

IN THE MATTER OF THE APPLICATION  
OF WILLOW VALLEY WATER  
COMPANY FOR THE ESTABLISHMENT  
OF JUST AND REASONABLE RATES AND  
CHARGES FOR UTILITY SERVICE  
DESIGNED TO REALIZE A REASONABLE  
RATE OF RETURN ON THE FAIR VALUE  
OF ITS PROPERTY THROUGHOUT THE  
STATE OF ARIZONA

DOCKET NO. W-01732A-09-0079

1 IN THE MATTER OF THE APPLICATION  
2 OF GLOBAL WATER – SANTA CRUZ  
3 WATER COMPANY FOR THE  
4 ESTABLISHMENT OF JUST AND  
5 REASONABLE RATES AND CHARGES  
6 FOR UTILITY SERVICE DESIGNED TO  
7 REALIZE A REASONABLE RATE OF  
8 RETURN ON THE FAIR VALUE OF ITS  
9 PROPERTY THROUGHOUT THE STATE  
10 OF ARIZONA

DOCKET NO. W-20446A-09-0080

7 IN THE MATTER OF THE APPLICATION  
8 OF WATER UTILITY OF GREATER  
9 TONOPAH FOR THE ESTABLISHMENT  
10 OF JUST AND REASONABLE RATES AND  
11 CHARGES FOR UTILITY SERVICE  
12 DESIGNED TO REALIZE A REASONABLE  
13 RATE OF RETURN ON THE FAIR VALUE  
14 OF ITS PROPERTY THROUGHOUT THE  
15 STATE OF ARIZONA

DOCKET NO. W-02450A-09-0081

12 IN THE MATTER OF THE APPLICATION  
13 OF VALENCIA WATER COMPANY –  
14 TOWN DIVISION FOR THE  
15 ESTABLISHMENT OF JUST AND  
16 REASONABLE RATES AND CHARGES  
17 FOR UTILITY SERVICE DESIGNED TO  
18 REALIZE A REASONABLE RATE OF  
19 RETURN ON THE FAIR VALUE OF ITS  
20 PROPERTY THROUGHOUT THE STATE  
21 OF ARIZONA

DOCKET NO. W-01212A-09-0082

DECISION NO. \_\_\_\_\_

ORDER

19 Open Meeting  
20 September 6 and 7, 2011  
21 Phoenix, Arizona

BY THE COMMISSION:

22 In Decision No. 71878, dated September 15, 2010, the Arizona Corporation Commission  
23 (“Commission”), ordered that Global Water - Palo Verde Utilities Company Division shall file  
24 within 60 days with the Commission’s Docket Control, as a compliance item in this matter, a copy  
25 of its Unauthorized Discharge Fee Tariff within 60 days for Staff’s review and the Commission’s  
26 consideration. Pursuant to that order, the Company filed its proposed tariff on November 15,  
27 2010. On June 13, 2011, the Company amended the proposed tariff to correct a typographical  
28 error. Staff filed its recommendation and proposed order on August 15, 2011.

Decision No. \_\_\_\_\_

\* \* \* \* \*

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. Septic tank haulers and grease trap haulers, who charge a fee for removal services, typically pay a fee to facilities for environmentally sound disposal in landfills. According to the Company, some haulers choose instead to dump their loads into a sewer system ("unauthorized discharge"), and that some of the materials that haulers carry have the potential to seriously disrupt the Company's wastewater treatment processes, in some cases for many days or even weeks.

2. The proposed tariff would only apply to unauthorized discharges involving the Palo Verde collection and treatment systems. The Company's collection and treatment systems are designed for municipal wastewater flow and all other discharges are unauthorized and prohibited. Per the proposed tariff all discharges into the Palo Verde collection and treatment system must be made by customers of record through the customer's authorized service line.

3. The Company's proposed tariff contains the following fees:

Any person (as defined in A.A.C. R14-2-601.16) that makes an unauthorized discharge into the Company's collection or treatment system is subject to a fee, for each occurrence, as follows:

a) \$5,000; and

b) All costs associated with the collection and remediation of the unauthorized discharge.

4. Staff understands that the proposed tariff would typically apply to an individual or entity that is not a customer of the Company. Staff's support for the adoption of such a tariff in the case leading up to Decision No. 71878 contemplated that the tariff would only apply to ratepayers of the Company. Staff does not believe it would be appropriate for the Commission to approve this tariff in its current form since it would apply to an area beyond the Commission's regulatory authority and could not be enforced. Staff is also concerned that the total fee may be punitive where a minor unauthorized discharge has occurred. Staff believes the total fee amount should be

1 tied more closely to the collection and remediation costs associated with a specific unauthorized  
2 discharge. Finally, Staff is concerned that the proposed tariff does not define the substances or  
3 materials that could damage the Company's collection and treatment systems.

4 5. Staff recommends that the Commission deny the Company's Unauthorized  
5 Discharge Fee Tariff for the reasons previously discussed.

6 CONCLUSIONS OF LAW

7 1. The Company is a public service corporation within the meaning of Article XV of  
8 the Arizona Constitution and A.R.S. §§ 40-250 and 40-252.

9 2. The Commission has jurisdiction over the Company and of the subject matter of the  
10 application.

11 3. It is not in the public interest to authorize the Company's request for approval of the  
12 Unauthorized Discharge Fee Tariff as discussed herein.

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ORDER

IT IS THEREFORE ORDERED that the application by Global Water - Palo Verde Utilities Company Division for the implementation of an Unauthorized Discharge Fee Tariff, as discussed herein, is hereby denied.

IT IS FURTHER ORDERED that this Decision become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

SMO:JL:lh\WVC

SERVICE LIST FOR: Global Water – Palo Verde Utilities Company, Valencia Water Company – Greater Buckeye Division, Willow Valley Water Co., Global Water Company – Santa Cruz Water Company, Water Utility of Greater Tonopah, and Valencia Water Company – Town Division

DOCKET NOS. SW-20445A-09-0077, W-02451A-09-0078, W-01732A-09-0079, W-20446A-09-0080, W-02450A-09-0081, AND W-01212A-09-0082

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